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I. OVERVIEW OF THE GRANT PROCESS

This Operations Manual is intended to explain the procedures involved in all aspects of administering VETS grants. It covers grant application, processing, modification, monitoring, and closeout, as well as reprogramming of funds, imposition of sanctions, and criminal matters.

This Chapter reviews the entire grant process and discusses the roles played by key personnel in administering grant programs.

A. Key Roles

This section provides an overview of the roles and responsibilities of all functions and offices involved in the grant process.

1. Congress

Congress enacted the laws which authorize the VETS' programs and appropriate the funds for the grants. The primary purpose of the grant management and monitoring is to ensure that the legislative requirements are met.

2. Office of Management and Budget

The Office of Management and Budget (OMB) informs the Secretary of Labor of the Congressionally authorized annual budget for the Department of Labor, including those funds allocated for VETS programs.

3. Department of Labor

The United States Department of Labor (DOL) is responsible for soliciting, awarding, managing, monitoring, and reporting on grants under VETS programs.

4. Office of the Secretary of Labor

As the Chief Executive Officer of the Department of Labor, the Secretary of Labor is ultimately responsible for all activities undertaken within the Department. Reports to Congress on VETS activities and program performance activities are submitted by the Secretary. The Secretary has delegated the various responsibilities for administering the grant programs to the appropriate Assistant Secretaries.

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5. Office of the Assistant Secretary for Administration and Management

The Assistant Secretary for Administration and Management, through DOL's Procurement Executive, is responsible for the overall implementation of the DOL's procurement and grant programs and ensures that these programs are performed in accordance with the appropriate laws and regulations. Through re-delegations of grant and procurement authority these programs are implemented through a decentralized procurement structure via several operational acquisition and assistance offices.

A. Office of Budget

The Office of Budget is responsible for the full-range of budget and program activities within the Department, providing senior Department officials and staff with guidance and assistance in strategic and performance planning, and in making decisions on resource allocation alternatives to achieve the Secretary's long and short-range performance goals. The Office of Budget also oversees all Departmental budget submissions and funding adjustments, organizes the presentation of all budget submissions, and represents the Department with OMB and Congress.

1. Office of Cost Determination

The Office of Cost Determination is responsible for DOL cost policy and approves indirect cost rates for contractors and grantees, resolves audits involving indirect costs, provides technical workshops for contractors, grantees and DOL staff, performs pre-award reviews and analyses for the procurement service center, and conducts special cost studies for management. Issues guidance to DOL Agencies in the area of indirect cost. Also, closes out grant after the period ends.

2. Financial Service Center

The Financial Services Center provides accounting travel management, invoice payments and payroll services, and budget support to client agencies.

- A. Division of Accounting
- B. Division of Payment
- C. Division of S & E Budget Operations

B. Procurement Services Center

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The Procurement Services Center negotiates, awards and administers grants and contracts for most DOL Agencies. Small purchases procurement is also performed for National Office activities.

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Procurement Service Center (PSC), an office within OASAM, approves and monitors most DOL grants, including VETS grants, to ensure that Procurement Standards established under OMB Circular A-102 are followed. PSC must approve the provisions of each grant award and monitor the conduct of the grant to ensure that the government is receiving the services agreed to in the grant award from the grantee in return for the funds awarded.

C. Grant Officer

A program Grant Officer, representing the Procurement Service Center (PSC), is designated for each grant program. The Grant Officer (GO) is the individual who has the delegated authority from the Secretary of Labor to obligate funds on behalf of DOL. The Grant Officer is personally responsible for ensuring (1) that there are sufficient funds to obligate, (2) that the terms of the grant agreement are reasonable, and (3) that the goals are met. The Grant Officer signs the grant agreement on behalf of the Department, making it a legally binding instrument. Additionally, the Grant Officer performs these functions:

- reviews all grant applications for compliance with the SGA, the regulations and the VETS Grant Program Statute;
- reviews all modification requests, again to ensure compliance with the SGA, the regulations, and the applicable Statute; and
- participates with VETS in shaping grant policy as it relates to allowable activities under the regulations and the Statute.

D. Procurement Review Board

The Procurement Review Board (PRB) is responsible for reviewing the following actions and recommending approval or disapproval to the ASAM (also refer to DLMS 2, Chapter 800, Section 836):

- (1) All proposed acquisitions and assistance actions over the small purchase limitation as defined in the FAR Part 13 which are to be awarded under "other than full and open competition" procedures.
- (2) All major acquisitions, within the Department, defined as:
 - (a) FIP resources with an estimated contract life cycle cost in excess of \$2,500,000, or having significant computer systems architecture technology or compatibility ramifications for the Department.
 - (b) Acquisition instruments having significant impact on the Department.

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- (3) All contracted advisory services and modifications of any amount to be awarded under "other than full and open competition" procedures.
- (4) All contracted advisory services over \$50,000 to be awarded under "full and open competition" procedures.
- (5) All modifications to construction contracts over \$200,000 (other than for equitable adjustments pursuant to the "Changes" clause).
- (6) All requests for ratification of unauthorized commitments.

6. Office of the Solicitor

Because each grant is a legal document, binding both the Department and the grantee, a representative of the Office of the Solicitor is assigned to each program providing grants. The solicitor monitors grants to ensure that all activity, on the part of both the Department and grantees, is conducted in a manner consistent with the legislation which established the grant program, other laws affecting the administration of federal grants, and all relevant federal policy. It is the solicitor who makes the final decision on whether or not legal action is to be taken against any grantee or subgrantee.

7. Assistant Secretary for Veterans' Employment and Training (ASVET)

The Assistant Secretary for Veterans' Employment and Training (ASVET), is charged with administering the VETS' grant programs.

The ASVET assures that funds are expended efficiently, effectively, and in compliance with all legislation and regulations. The ASVET is charged with reporting annually to Congress on the actual achievements of grantees compared with the goals stated in their grant applications. This reporting requirement covers both competitive and discretionary grants.

A. Office of Operations and Programs

The Office of Operations and Programs has responsibility for the oversight of Field Operations and all VETS' grant program documents submitted to the VETS National Office such as grant applications, requests for additional information or clarification, Quarterly Summary Reports, Requests for Advance/Reimbursement, and grant modification requests. The purpose of this review is to determine whether the document(s) need to be returned to the RAVET and DVET with requests for corrections or additional information, or whether the document(s) should be forwarded for additional processing.

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1. Division of Employment and Training Programs (DETP)

The Division of Employment and Training Programs has the responsibility for the initial review and processing of all VETS grant programs documents submitted to the VETS National Office such as grant applications, requests for additional information or clarification, Quarterly Summary Reports, Requests for Advance/ Reimbursement, and grant modification requests.

The purpose of this review is to determine whether the document(s) need to be returned to the RAVET and DVET with requests for corrections or additional information, or whether the document(s) should be forwarded for additional processing.

8. Regional Administrator for Veterans' Employment and Training

The VETS Regional Administrator for Veterans' Employment and Training (RAVET) has oversight responsibility for ensuring timely and accurate administration of grant programs operating within their Regions. The RAVET will monitor:

- Grant Application Reviews;
- DVET Post-Award Conference Reports (submitted to the grant program Lead within 75 days of the grant award);
- DVET Quarterly Summary (Financial and Program), (submitted to the National Office within 45 calendar days of the end of each quarter, with Final Summary Report forwarded within 100 calendar days of the end of the grant period, special provisions requires 90 days);
- DVET Monitoring Review;
- Grant Modifications; and
- DVET Final Summary.

The RAVET must review the status of all grants in the region at least quarterly. This involves reviewing all Financial and Technical Performance Reports as well as the Grant Summary. It also involves regular discussions about grantees with the GOTRs. This review permits the RAVET to assist in the identification of situations which might require corrective action.

If there are mistakes on the reporting forms, or should the RAVET have questions about specific grant actions or require additional information, the report is returned to the GOTR with appropriate instructions, including a specified time limit for corrections or clarifications to be

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submitted.

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The RAVET's Administrative Review should focus on deficiencies and potential problems-- problems that require a Corrective Action Plan and/or a grant modification. These problems should be identified in time for the CAP and/or the modification to be effected and effective within the grant period.

The RAVET is responsible for ensuring that Technical Assistance is provided to grant applicants and grantees as necessary.

Perhaps the most critical role the RAVET plays in the grant process is in the de-obligation procedure. When potential unexpended funds are identified, the RAVET will request the DVET to notify the grantee in writing of that potential requesting a response within 15 calendar days.

The DVET's letter and the grantee's response will be included in the next Quarterly Summary Report. If the grantee identified the potential for unexpended funds a copy of the grantee's letter to the Grant Officer should also be included.

The GOTR for most VETS' grants is a DVET of the State receiving the grant. Since the RAVET is responsible for all activity within his/her Region, the RAVET must review and approve all actions proposed by the GOTR regarding a grant. It is at the level of the RAVET that grant data, reported by DVET and grantee, is summarized for forwarding to the VETS National Office.

9. Director for Veteran's Employment and Training (DVET)

The DVETs and Assistant Directors for Veterans' Employment and Training (ADVETs) play an important role in the administration of grants, particularly in terms of fiduciary responsibility. In most cases it is the DVET who is appointed the Grant Officer's Technical Representative (GOTR). It is, then, the DVETs (and the ADVETs working on behalf of the DVET) who work directly with grantees over the period of a grant.

The DVET is an advocate for the grant program and, as such, is expected to be involved with the State providing support and technical assistance in the drafting of the grant application or modification prior to receiving the "official" grant application or modification. During this time the DVET should do everything possible to ensure that the application meets the requirements of the SGA.

In the case of discretionary grants, those which have a national scope may have a Grant Specialist from the VETS National Office named as the GOTR. In most other cases, when a discretionary grant is awarded for a program which is to serve the veteran population of a State, the DVET will be designated the GOTR.

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10. Grant Officer's Technical Representative (GOTR)

The GOTR is responsible monitoring a grant, identifying any instances of non-compliance and for recommending corrective action (see the discussion of Technical Assistance).

The two methods of monitoring compliance are review of Quarterly Reports required of grantees and on-site monitoring visits. Each is discussed in detail in the appropriate section of this Manual (Quarterly Reports and On-Site Monitoring Visits in Chapter V).

B. The Grant Process

Each year, Congress appropriates funds for grants to be awarded for employment and training programs. These funds are included in the DOL budget and they must be obligated in the program year for which they were appropriated or they are returned to the Federal Treasury.

When funds are obligated, they have been committed, although they may not have actually changed hands. To illustrate the term obligated, consider a salary check. The take-home pay of most individuals is not free and clear even though taxes and other deductions have been made. Most workers have committed, that is obligated, some of that paycheck for such items as a mortgage or rent payment, car payments, or loan repayment. Because the worker is legally committed to those payments, the funds are obligated. Even if he or she has the luxury of leaving the paycheck in a savings or checking account for a few weeks before payment is due, the money, while it has not changed hands, is obligated.

Funds provided for grants may be obligated at two levels. First, VETS obligates them by entering into grant agreements for programs that will begin during the Program Year for which Congress appropriated the funds. Second, the grantee either spends or obligates the funds during the grant period which may cover portions of a second Program Year.

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Figure I-1 is provided to show the relationships between the fiscal year, the calendar year, the program year and the grant period.

FIGURE I-1

A. Grant Period Can Begin At Any Time

CALENDAR YEARS, FISCAL YEARS, PROGRAM
YEARS, AND GRANT PERIODS - A VISUALIZATION
OF THEIR RELATIONSHIP

CALENDAR YEAR JAN–DEC

PROGRAM YEAR JUL—JUN

FISCAL YEAR OCT—SEP

1. Types of Grant Awards

- a. Competitive
- b. Discretionary / unsolicited

The funds made available to the Assistant Secretary for Veterans' Employment and Training (ASVET) are divided into two separate pools. These are the competitive (solicited) funds and the discretionary (unsolicited) funds. Regulations require that at least 80% of funds be allocated to states on a competitive basis.

The balance of available funds remains in the Discretionary Account to be administered at the discretion of the ASVET. In the past, the Secretary has used these monies to fund research and demonstration projects, to pay for evaluation studies, and to supplement grants funded under the competitive program.

2. The Application Process

Once the funds are appropriated for a Program Year, the ASVET issues a Solicitation for Grant Applications (SGA). The SGA identifies eligible applicants and details the application procedures. All competitive grants are awarded as a result of applications submitted in response

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to a SGA.

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A separate SGA for discretionary grant funds may be issued and grants may be awarded as a result of that process.

VETS grants are awarded to assist targeted veterans obtain training and, ultimately, employment. Completion of a grant application is the responsibility of the eligible applicant. All discretionary grants are awarded as pilot or demonstration programs/projects, not to exceed 12 to 18 months. To maintain program integrity and to ensure consistency in the measurement of performance all discretionary grant requests must follow the submission format and program design criteria as set forth in the most current competitive SGA for the applicable funding source. Furthermore, applicants requesting these funds must present a clear understanding of the program's uniqueness and innovativeness in meeting and serving the targeted veterans employment and training needs. Therefore, a key VETS role is to assist potential grantees in developing and refining applications and supporting materials. VETS personnel:

- should ensure that the appropriate applicant eligible receive copies of the most current competitive SGA and are aware of program criteria and the proper format for submission;
- provide technical assistance (TA) to applicants by identifying veterans' needs and assisting in the development of programs to meet those needs, by assisting grant applicants in the preparation of the proposal according to SGA requirements, and/or by providing appropriate grant application training; and
- provide technical assistance in completing the application if necessary.

3. Application Review and Grant Award

- a. competitive
- b. discretionary

For a discretionary grant, an eligible applicant submits an application for a grant to the Director of Veterans' Employment and Training (DVET) who reviews it and submits it to the Regional Administrator of Veterans' Employment and Training (RAVET). The RAVET reviews it and forwards it to the VETS National Office. The Veterans' Employment and Training (VETS) National Office reviews it and makes a recommendation for award or non-award.

Note: Competitive grants follow a different procedure. Basically, no technical assistance is provided. (i.e. panel review).

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The VETS National Office submits its recommendations for the grants to be funded to the ASVET for approval. If necessary other Department of Labor officials, such as the Grant Officer (GO), the Solicitor, and the Budget Officer, are consulted to make sure that everything is in order.

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Finally, a determination is made on which grant proposals will be funded, and letters of notification are sent to applicants with copies to the DVET. Such notifications constitute the formal, legal Grant Award and include both General Provisions and Special Provisions which govern the performance of the grant.

Upon notification that the grant has been awarded the DVET should notify the grantee that a Post-Award Conference will be scheduled. At that conference, the DVET reviews with the grantee (and subgrantees if possible) both the General and the Special Provisions of the grant. The Post-Award Conference is discussed in Chapter IV.

It is possible, after the various reviews are completed, that the application may be returned to the applicant, via the DVET, if there are corrections to be made or issues to be clarified. To avoid or minimize the possibility of applications being returned before they can be formally considered for funding, the DVET should provide the applicant with the technical assistance necessary to ensure a complete and accurate proposal.

4. Grant Monitoring

Grant monitoring involves the collection, review, and analysis of information on the performance of each grantee. The primary sources of that information are the forms each grantee is required to submit on a regular basis and information collected by the GOTR during on-site monitoring visits. That information is reviewed first by the Grant Officer's Technical Representative (GOTR), then by the RAVET, and finally, by the VETS National Office.

Monitoring involves comparing actual program accomplishments and expenditures to the goals and objectives and funding levels specified in the grant award (or modification). The purpose of this monitoring is twofold.

First, monitoring is used to identify any potential problem as early as possible so that corrective action can be taken. Second, and just as important, monitoring is used to identify programs that are doing significantly better than projected-again so appropriate action can be taken.

If veterans are to be served in the best possible manner under the grant program, it is important to know how programs are performing Chapter V describes the Monitoring Process in detail.

5. Grant Modifications

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One of the roles of state VETS personnel is to help grantees submit applications that contain realistic goals and realistic cost projections. However, even in the best designed program, unanticipated conditions may positively or negatively affect the program and require changes in the grant.

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One purpose of grant monitoring is to identify such situations in time to prepare grant modification requests.

The review of requests for grant modification follows the same process as review of the initial application. The grantee submits a modification request, with a SF-424, to the GOTR who makes the initial review for completeness and accuracy. The request is then forwarded to the Region and from there it is submitted to the VETS National Office for final approval.

Timely requests for modification can (1) allow grantees to better serve veterans; and (2) allow unexpended funds to be reprogrammed.

6. De-obligation and Reprogramming

Grant monies awarded at the start of a Program Year are funds obligated for specific purposes. Obligated funds may not be used for any purpose other than those specified in the grant award agreement. Funds which are unexpended at the end of the second Program Year are automatically de-obligated and returned to the U.S. Treasury.

Unobligated federal funds remaining at the end of the grant period may not be used for other purposes. That is, they cannot be re-obligated to another grantee. If the end of the second Program Year has not been reached, these funds may remain with the original grantee (via modification). Otherwise, they must be de-obligated and returned to the Treasury.

Because unobligated federal funds are returned to the Federal Treasury at the end of each Program Year and, hence, lost in terms of helping veterans, early identification of any problems with a grant is important. If funds awarded to a grantee will not be required (or cannot be effectively utilized through a modification to the grant), the de-obligation process must begin in sufficient time to ensure that dollars appropriated may be reprogrammed to serve other veterans.

It is possible to take action to de-obligate grant funds during the course of a grant period. Because this is a long process, it must be started as early as possible. Identifying potentially recoverable/re-programmable funds through the grant monitoring process and alerting the RAVET and VETS National Office are key GOTR responsibilities.

7. Sanctions and Penalties

It is important that all federally funded programs be run in strict accordance with the laws, regulations, and policies which cover them. The GOTR must be continually aware of the possibility that a grantee or subgrantee may take some action in the performance of a grant which is prohibited by law, by regulation, by VETS policy, or by the grant award.

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Any such situation must be promptly identified and investigated regardless of the intent of the grantee or subgrantee, the severity of the action, the ambiguity or complexity of the governing language, or the amount of time or money involved.

In some cases VETS may initiate action to impose sanctions against a grantee or even seek legal prosecution of an individual or entity involved in running a program. Part of the grant monitoring process is to identify activities which should be brought to the attention of those who must determine if sanctions should be imposed or even harsher measures should be considered. Sanctions and Legal actions are discussed in detail in Chapter VII.

8. Technical Assistance To Grantees

In order to help grantees meet their program goals, VETS should provide technical assistance (TA). The primary source of TA is the GOTR. However, the RAVET is available to provide TA when necessary.

Technical assistance may take any of a number of forms. In the first instance, assistance in completing the grant application might be provided. This TA may simply be a matter of pointing out to the applicant those portions of the form which tend to be the most complicated or are the most likely to be incorrectly completed.

Or it may involve providing guidance and advice on the proposed program itself--suggesting, for example, that the proposed number of veterans to be served is unrealistically high or low, or that by changing the time schedules more veterans might be able to take advantage of a training class.

During the Grant Period, either the grantee or the GOTR might identify a problem which technical assistance could help to resolve, such as:

- * funds from one budget line being used to pay expenses from another budget line or;
- * actual number of enrollees being significantly below the projected number.
- * grant funds being expended more rapidly than anticipated;

If the grantee is more than 15% below projected goal accomplishment or 15% or more above or below projected expenditures, the GOTR must obtain a Corrective Action Plan (CAP) from the grantee. Although the CAP is the responsibility of the grantee, the GOTR can be of great help in this preparation. The GOTR should make the grantee aware that VETS wants the grant to be a success and that help is available.

If a CAP is submitted for a grant, any subsequent grant monitoring must involve comparing grantee performance against the CAP as well as against the grant award and any modification.

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9. Close-Out

At the end of a grant Program Year, the grant must be formally closed-out by the GOTR and the GO. The Office of Cost Determination (OCD) is currently responsible for the distribution of close-out packages to grantees and the administrative tasks of closing the grant. This usually occurs within 6 to 12 months after the grant expires. VETS GOTRs simply sign a form provided certifying that the information is correct. In order to formally conclude the grant, de-obligate any unexpended funds, and do all of the tasks required by law, regulation, and policy, the GO must have a final report on the program. The GOTR is responsible for ensuring that the final report is submitted in a timely fashion and is accurate and correct.

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APPLICATION PROCESS

II. APPLICATION PROCESS

Completing and submitting a VETS Grant application is the responsibility of the grant applicant. There are, however, important reasons why the DVET or ADVET should become involved with a grant at the development stage:

Improve the Program: The goal of the applicant and the goal of VETS is the same: to provide employment and training services to veterans. By providing technical assistance (TA) at the application stage, VETS personnel have an opportunity to assist the applicant in developing a better program.

Assure Realistic Goals and Budget: Through early review of applications, VETS staff are able to point out both unrealistic program goals and unrealistic budget figures. VETS Grant applications with these problems may be returned for correction--a time-consuming process--or may be denied funding entirely. Should a grant be funded with goals or budgets that are significantly out of line, problems will become evident during the grant monitoring phase. This will then require that some action be taken such as requesting a grant modification or developing a Corrective Action Plan. It takes less time and effort to prevent the problem by a careful review of the application.

Prevent Common Mistakes: Completing the SF-424 and other application documents for the first time is not easy. VETS staff who are familiar with the forms, rules and regulations governing VETS grants are, therefore, in a position to help applicants avoid mistakes in completing these documents. By taking a relatively small amount of time up front to ensure, for example, that there are sufficient matching funds, that the federal funds are to be used to reach the veterans' groups specified by law, or simply that the math is correct, VETS staff can save a great deal of time later on.

VETS Field Staff Responsibilities: It is the responsibility of the VETS field staff to assist eligible applicants in developing proposals which are *unique and innovative* and inclusive of all required information. This includes timely distribution of the Solicitation for Grant Application (SGA) and supporting materials, technical assistance in program design, assistance in identifying veteran employment and training needs and providing training and other technical assistance.

The more quality time spent in assisting a grantee in advance of submission and in thorough review of the grant application and/or modification requests, the more timely the overall approval process will be once the request has been submitted.

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APPLICATION PROCESS

Roles and Responsibilities

1. Roles and Responsibilities of the Director for Veterans' Employment and Training (DVET)

The following items constitute the major roles and responsibilities of DVET prior to approval of funding requests:

- a. Reading and becoming familiar with SGA requirements.
- b. Offering and providing technical assistance to eligible applicants to ensure that the requirements of the SGA are met prior to proposal submission.
- c. Conducting grant application/modification reviews in accordance with instructions and completing the review checklist.
- d. Conducting past performance assessments.
- e. Forwarding three copies and original of: Applications/modification requests, checklist, past performance assessment to the RAVET; and funding recommendations and supporting documentation.
- f. Maintaining files that contain a copy of the application, checklist and past performance assessment.
- g. Conducting clarifying discussions with eligible applicants and follow-up on any revisions to ensure timely receipt and processing.
- h. Providing input to the RAVET on suggested improvements and program development (i.e., commonly recurring questions).
- i. Following the grant through the 120-day review process projected as follows:

2. Roles and Responsibilities of Regional Administrator for Veterans' Employment and Training (RAVET)

The following items constitute the major supervisory roles and responsibilities of the RAVET prior to the approval of funding requests:

- a. Reading and becoming familiar with the SGA requirements.

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APPLICATION PROCESS

- b. Serving as conduit between DVET and VETS National Office to ensure proper delivery of technical assistance to eligible applicants.
- c. Receiving and reviewing grant applications/modifications from the DVET.
- d. Reviewing grant applications/modifications and providing funding recommendations in accordance with the SGA and/or applicable instructions.
- e. Managing clarifying discussions.
- f. Ensuring that revisions to grant applications as a result of clarifying discussions are received in a timely manner.
- g. Ensuring timely forwarding of three copies of: application or modification (original ink-signed), and checklist, past performance assessment of grantees by DVET; funding recommendations and supporting documentation.
- h. Tracking the progress of the grant through the 120 day review cycle.
- i. Maintaining files that contain applications and related materials from DVET and all documentation.
- j. Providing input to the National Office on suggested improvements and program design.

3. Roles and Responsibilities of the Office of the Assistant Secretary for Veterans' Employment and Training (OASVET)

The following items constitute the major responsibilities of the OASVET:

- a. Maintaining and updating applicant source list with assistance from the RAVETs, and the DVETs.
- b. Developing the SGA and assisting the with issuance thereof.
- c. Providing policy, procedural and management direction to field staff to ensure accountability of the VETS grant programs.

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- d. Providing on-site technical assistance, as necessary, to both VETS field staff and eligible applicants.
- e. Evaluating the performance of field staff to ensure accountability of the VETS' grant program.

APPLICATION PROCESS

- f. Receiving and logging applications and related information from the RAVETs.
- g. Reviewing application/modification requests, funding recommendations and related materials to ensure:
- h. OASVET objectives under VETS programs are being achieved;
- i. SGA criteria have been consistently applied against applications/modifications submitted during the DVET/RAVET review process;
- j. Grantee has adhered to grant special and general provisions.
- k. Grant applications/modifications are in proper shape to forward to the Procurement Service Center for grant award.
- l. Initiating actions to expeditiously obtain any revisions or clarifying information relating to applications, modifications or funding recommendations. Ensure that RAVET/DVET receive for their files any changes resulting from National Office action.
- m. Responding to questions, issues and problems raised by field staff expeditiously.
- n. Maintaining fund control.
- o. Approving final funding recommendation(s).
- p. Forwarding to Procurement Service Center for grant award. (Ink-signed original and one copy of application with the relevant documents.)
- q. Maintaining files on grantees.

4. Roles and Responsibilities of Office of the Assistant Secretary for Administration and Management (OASAM)

The following items constitute the major responsibilities of the OASAM:

Regional Office - Office of Cost Determination

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- ! Providing field technical assistance in cost and billing rates.

Office of the Comptroller-Office of Financial Services:

- ! Providing budget and financial technical assistance.

APPLICATION PROCESS

National Office:

- ! Procurement Service Center: Providing grant procedures and administering grant process.
- ! Office of the Comptroller - Office of Financial Service: Administering budget and accounting functions for grants.

5. Roles and Responsibilities of Procurement Service Center (PSC)

- a. The Grant Officer representing the Procurement Service Center is designated for the VETS programs and is responsible for ensuring:
 - 1. there are sufficient funds to obligate;
 - 2. the terms of the grant agreement are reasonable; and
 - 3. the goals are met
- b. The Grant Officer signs the grant agreement on behalf of the Department, making it a legally binding instrument. Additionally, the Grant Officer performs these functions:
 - 1. reviews all grant applications for compliance with the SGA, the regulations and/or the Statute;
 - 2. reviews all modification requests, again to ensure compliance with the SGA, any regulations, and/or Statute; and
 - 3. participates in shaping VETS grants policy as it relates to allowable activities under any regulations and/or Statute.

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C. Required Documentation

REQUIREMENT	NEW APPLICATION	MODIFICATION
Transmittal Letter	Yes	Yes
Table of Contents	Yes	Yes
Standard Form SF-424	Yes	Yes
Introduction and Statement of the Problem	Yes	No
Proposed Approach/ Program Narrative	Yes	No
Proposed Approach/ Summary of Changes for modifications	No	Yes
Quarterly Project/ Program Timetable	Yes	Yes
Goals and Placement Information	Yes	Yes
Budget and Budget Backup	Yes	Yes
If applicable, Matching Share Description	Yes	Yes
Indirect Cost Information	Yes	Yes
Subgrantee Summary Information	Yes	Yes
Assurances and Certifications	Yes	No

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Competitive and Discretionary Grant Applications

It is important that field staff know about the differences between competitive grant applications and discretionary grant applications.

Here are the key points:

1. Applicants for discretionary grants may be public agencies, non-profit or other organizations. For competitive grants, the eligible applicant will be identified in the SGA.
2. The competitive grant applications are received as a result of an SGA. Although some discretionary grant applications may be solicited through a separate SGA, many are unsolicited proposals.
3. The competitive applications are received and initially reviewed by Procurement Service Center staff in the National Office.
4. Individuals or organizations inquiring about submitting an unsolicited proposal for discretionary funds should not be discouraged from doing so. Field staff should provide Technical Assistance (TA) if it is necessary and advise applicants that the provision of TA does not constitute a "solicitation" of a grant application by VETS. For guidance on format and items that should be in a proposal, the competitive SGA can be used as an example. Field staff should inform applicants considering submission of an unsolicited proposal that there are no funding guarantees.
5. Competitive grant and Unsolicited/Discretionary grant proposals should be submitted to the DVET. This will ensure that the DVET is aware and involved in the grant process from the very beginning. At times, unsolicited/discretionary grant proposals are sent directly to the ASVET/National Office for funding consideration. Although this occurs it is not the recommended method for grant submission.

The application process begins with the issuance of the Solicitation for Grant Applications (SGA) by the VETS. DVETS and ADVETS must familiarize themselves with the SGAs for VETS grants. The SGA information will serve as a platform for providing technical assistance regarding discretionary or unsolicited grant proposal requests. They should also encourage applicants to read the SGA carefully. The SGA for grants generally contain:

- ! general program information and requirements for applicants applying for funds;

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- ! a definition of eligible applicants;
- APPLICATION PROCESS**
- ! a discussion of the types of allowable activities;
 - ! the OASVET program emphasis;
 - ! any matching funds requirement;
 - ! the funding levels, for the Program Year;
 - ! the criteria used in making awards; and
 - ! clarification of issues.

D. Application Contents

There are four substantive parts to a grant application: the Transmittal Letter, an SF-424 (Application for Federal Assistance), the Program Narrative, and Budget Information including the OMB form SF-424A. In addition, a Table of Contents must be provided, identifying all sections of the application and numbering all pages sequentially without regard to sections.

Transmittal Letter

Each application for a VETS grant must be accompanied by a Transmittal Letter. The Transmittal Letter must:

- clearly certify that the applicant is an eligible Entity; and
- be signed by an official who has the authority to enter into a grant agreement between the Department of Labor and the grant recipient.
- An original signature in other than black ink is preferred.

SF-424: Application for Federal Assistance

- The SF-424 is a form used by applicants for any federal government grant and contains summary information on the applicant and the proposed program. The SF-424 is also used in a modification to a grant, particularly when there is a change such as an increase or decrease in funding (see Chapter V for guidelines for modifications and the SF-424).

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Although the information requested on the SF-424 is basic, errors that cause the application to be returned for correction do appear all too frequently. This section discusses each item on the SF-424. VETS field staff should become completely familiar with this section before a proposal is forwarded.

Item-by-Item Description of SF-424

Box 1. Type of Submission

The item "NON-CONSTRUCTION" in the Application section should be checked.

Box 2. Date Submitted and Applicant Identifier

- a. Date: The year, month, and day the application is submitted to VETS.
- b. Number: This is a control number assigned by the applicant. It is not required.

Box 3. Date Received by State and State Application Identifier

This section should be left blank, as the State is the applicant under the current process.

Box 4. Date Received by Federal Agency

This is the date received by the DVET for discretionary grants or the date received by the National Office in the case of competitive grants. The federal identifier number is left blank for a new grant.

Box 5. Applicant Information

- a. Legal Name: For a competitive grant, the eligible applicant will be identified in the SGA. For a discretionary grant, this must be a eligible not-for-profit organization. The Applicant Name entered here, however, is that of the Grantee, the entity that will be legally responsible for program performance if an award is made.
- b. Organization Unit: The name of the administrative unit of the Legal Applicant / Recipient that will have day-to-day responsibility for the grant program. For example, if the Applicant Name is the State Department of Human Resources, the organizational unit might be the Office of Employment Security. Or, if the Applicant is the Office of the Governor, the organization unit might be the Governor's Commission on Veterans' Affairs.

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c. Address: Self-explanatory.

d. Contact Person: The name and telephone number of the individual to whom all inquiries concerning the application should be made. This should be an individual who is able to answer specific questions about a proposal.

Box 6. Employer Identification Number (EIN)

This is a number that employers are assigned by the Internal Revenue Service.

Box 7. Type of Applicant

The letter representing the appropriate jurisdiction or organization should be entered.

Box 8. Type of Application

Check the appropriate box and enter the appropriate letter.

New: If the application is for a new program, one that has not been funded previously, is a basic grant and NEW should be checked in the space provided in Box 8.

Revision: Another name for a revision is a modification. This should be checked if a Grantee is requesting a change in an on-going grant program that changes the Federal Government's financial obligation or contingent liability from an existing obligation.

Continuation: This means an extension for an additional funding/budget period for a project with a projected completion date.

Increase Award: If the applicant is requesting additional federal funding, "A" should be entered.

Decrease Award: If the applicant will not be able to obligate the original grant amount, "B" should be entered.

Increase Duration: If the applicant wishes to extend the duration of the project, "C" should be entered.

Decrease Duration: If the applicant must decrease the duration of the project, "D" should be entered.

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Other: If there are other reasons for requesting a Revision or an Augmentation, "F" should be entered and the reason(s) should be specified. Among the reasons for selecting "F" are:

- grantee lost matching funds and needs an exemption from the required match provisions;
- grantee requests that federal funds originally provided for one purpose (for example, to pay salaries) be used for another purpose (to purchase equipment); or
- changes in the grantee or subgrantee need to be made.

Box 9. Name of Federal Agency

This should read "VETS.DOL"

Box 10. Catalog of Federal Domestic Assistance Number (CFDA)

a. Number: Use the Catalog of Federal Domestic Assistance (CFDA) number assigned to the program under which assistance is requested. For VWIP, it is 17-802, for HVRP it is 17-805

b. Title: This is the program title from CFDA. Abbreviate if necessary.

Box 11. Title of Applicant's Project

This section contains the formal title of the program for which the applicant seeks funding. It should be as descriptive as possible. (i.e. Veterans Employment and Training Program)

Box 12. Areas Affected by Project

The unit (state, county, city) affected should be entered here. The GOTR should check to ensure that the information provided by the applicant is reasonable. For example, a program designed to train 50 veterans and place 20 of them may have a greater impact on a city, or even a subdivision of a city, than on a county or state.

Box 13. Proposed Project Start Date and Ending date

The Project Start Date may not be earlier than the beginning of the Program Year for which funds are requested.

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That is, a program start date may not be earlier than July 1. The Project Start Date may also not be earlier than the date on which the grant is signed. Therefore, the start date listed on the SF-424 is only the date on which the applicant is ready to start the program. Also note that the date format is the same as used elsewhere on the SF-424, i.e., Year, Month, Day.

Box 14. Congressional Districts

List the applicant's Congressional District and any Districts affected by the program or project.

Box 15. Proposed Funding

These are the amounts of grant funds requested and the amounts of matching funds and in-kind contributions

- a. Federal: How much is being requested in Federal funds?
 - b. Applicant: How much is the applicant providing?
 - c. State: How much in State match will the applicant obtain?
 - d. Local: How much in local match will the applicant obtain?
 - e. Other: How much match will the applicant obtain from other sources?
 - f. Program Income: How much will the program generate?
 - g. Total: What is the total funding required for the program?
- Although Box 15 appears to be straightforward, there are a number of considerations that must be kept in mind when reviewing the applications.
 - Although match funding is not required it is encouraged. If the applicant provides match funds or in-kind contributions, the source of the match funds should be identified, and may be from any combination of sources -- applicant, state, local, and other.
 - The match may be provided "in-kind"; that is, the value of goods or services provided may be included as part of the match. For example, if a State provides office space for the applicant, the rental value of that space may be counted toward the match requirement.

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- Accuracy of the figures provided is important. The amount of funds indicated in 15a through 15f on the SF-424 should be the same as those on the Budget Information Forms, which should be justified in the grant proposal document. And, of course, the total indicated in 15g should be the sum of 15a through 15f. This is very important because it allows the GOTR and others to crosswalk back and forth through all sections of the grant application.
- The total funds should be realistic. That is, the reviewer, on the basis of previous VETS Grant experience and the program description provided by the applicant in the grant proposal, must determine whether the funding requested is reasonable and appropriate for the program.

Box 16. Review by the State Executive Order 12372 Process

Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process.

Yes: A date entered at 16a indicates that the document has been "duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is provided."

No: This indicates that the application is not subject to E.O. 12372 (State review and comment). Normally, this process applies to VETS grant applications and the box should not be checked.

Box 17. Is The Applicant Delinquent on any Federal Debts

This question refers to the organization applying, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.

Box 18. Signature Block of the Authorized Representative

The person signing the request for modification must be an authorized representative of the legal applicant who has the authority to bind the applicant organization to a contractual agreement with the Department of Labor. This signature block must be dated, and the representative's correct title and telephone number included. The signature block must never be signed in black ink.

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Program Narrative

The SGA requirements for the program narrative are changed each year based on OASVET program emphasis, knowledge gained from the previous year's program, and from changes in regulations. Therefore, each year's SGA must be strictly followed in preparing and reviewing a Program Narrative. Program narrative requirements provide the applicant with a structured format which includes a definition of the problem to be addressed and the organization of services required in addressing the problem. The narrative should clearly define the approach required to implement the solutions and a budget narrative describing costs associated with each program activity.

The program narrative should succinctly describe the proposed program and, in all cases, is to be limited to 10 pages or less.

The three basic sections of the Program Narrative are:

- I. Brief Introduction and Statement of the Problem;
- II. Justification for Need of Proposed Services; and
- III. Proposed Approach - Statement of Work and Management Plan and Program Goals.

The specific information required in the SGA will differ for each of these sections in the grants.

1. Brief Introduction and Statement of Problem

This section should demonstrate the applicant's and/or the subgrantee's/contract understanding of the problems of the target veteran group in the geographic areas be served. It should:

- define the geographic area to be served;
- identify the **eligible** group(s) of veterans to be served (i.e. Campaign, recently separated, homeless, service-connected disabled, and those with significant barriers to employment.)
- identify any subsets of eligible veterans who will receive priority for services; Be as specific as possible (e.g. minorities, females, etc.)
- define briefly and clearly the **problems** and **needs** of eligible veterans (including any identified subsets); and

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- provide information and data to support the problem statement/needs assessment. (Statistical reports, findings,)

In reviewing the Introduction and Statement of the Problem, the following items are important:

- References to providing direct services to ineligible veterans (for example, Disabled veterans) are not acceptable unless they are subsets of eligible veterans. Thus, a reference to providing direct services to service-connected disabled veterans is permitted since VETS grant targets all service connected disabled veterans.
- The SGA will include language regarding match funding requirements always refer to the appropriate SGA for the program in which funding is being requested for unsolicited/ discretionary grant requests matching funding generally required.
- A statement that refers to providing services to "veterans" without specifying that those veterans are members of an eligible group is unacceptable.
- Imposing economic, unemployment, or other subset criteria for eligibility to participate in the proposed program is unacceptable. Such criteria may be used to establish priority of service, but they cannot be used to exclude an otherwise eligible veteran from the program.

For example, in a job training program for campaign veterans it is permissible to give first priority to unemployed campaign veterans, to give second priority to those campaign veterans who are employed part-time or who earn less than a specified amount annually, and to give third priority to those campaign veterans who are employed and earning more than the specified amount. It is permissible to deny a campaign veteran, who is employed full-time and who earns more than the specified amount, a place in the job training program if the program is operating at full capacity. However, it is not permissible to deny any campaign veteran a place in the program if a vacancy exists.

2. Justification and Need for Proposed Service

In this section, the applicant must show a need for the service(s) for which the application is being made. The applicant must demonstrate a clear understanding of the environment in which the program is to operate, specifically the problem which is to be addressed through the program and other employment and training programs available in the area.

Applicants who propose to operate or subgrant to operate simultaneous VETS grant programs during any portion of a Program Year, including proposals to subgrant with current VETS grants

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service deliverers, must pay particular attention to the requirements in this section.

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They must clearly state and justify the need for additional services.

To demonstrate need for service, the applicant must:

- ! identify and describe existing services provided to targeted veterans in the geographic area to be served, including any existing VETS grant services, or programs, and Job Service activities (including DVOP/LVER) which emphasize service to veterans;
- ! identify any deficiencies or gaps in the existing services;
- ! address how the identified deficiencies or gaps will be met by the proposed program and the proposed program will:
- ! provides services beyond and above the current services;
- ! provides services not normally provided by other employment and training service providers;
- ! represent additional productivity or effectiveness; and
- ! provide the following information if simultaneous VETS' grant programs are operating in the applicant's geographic area should the proposed program be funded:
- ! identify the period of simultaneous operation, and
- ! identify specifically what the additional funds will be used for (for example, increase the current program activities or add a new program or program component).

If applicant's current staff are to be used to provide the services under the grant, the applicant must stipulate that the grant funds will be used to produce additional services, not simply to replace existing services or funds. That is, VETS' grant funds are not to be used to fund services already being provided.

3. Proposed Approach

This section is a narrative Statement of Work and a Management Plan with Program Goals. The applicant and reviewer should keep in mind that there should be a clear, logical, and direct relationship between the problem statement/needs assessment and the proposed program approach and activities.

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Each proposed program activity is to be described in terms of the tasks required to implement the activity. The applicant should describe the action/management plan that will be implemented, including discussion of at least the following:

- Identification and description of the specific employment and training activities to be implemented, e.g., counseling, on-the-job training, classroom training, direct placement, placement following training, etc.;
- Identification and explanation of any proposed formal or informal linkages with other agencies and organizations, especially SDAs and non-profit organizations, that are current VETS' grant service deliverers, or explanation of why such service deliverers will not be used in the applicant's approach;
- Identification of the formulas or procedures that will be used to determine needs-based payments, if such payments are to be made, and, if different from the procedure for VETS grants, an explanation of the rationale for the difference is required;
- Description of the tasks relative to implementing each proposed employment and training activity;
- Any stipulation of the location and/or place(s) of performance of each major task; and
- Provision of a quarterly project/program timetable (starting from the date of grant award and covering each identified implementation task as well as performance monitoring and evaluation).

This third section of the Program Narrative should also include a consolidation of all participant goals and objectives, including a discussion of at least the following factors as they are applicable to the proposed program:

- At minimum, identify specific, numerical program goals by quarter, for each of the following: (USE ONLY the goals table for the appropriate funding source as provided in SGA).
 - a. the total number of participants;¹

¹) Participant is an individual who:

- is determined eligible upon intake;

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- b. the total number of participants to be placed into unsubsidized employment; and
- c. the total number of participants to be enrolled in each proposed employment and training activities described in the application.

Participant goals and objectives must be provided for participants in VETS funded programs to include any match funding. Applicants who do not have quantifiable goals must indicate proposed accomplishments and benefits of such a program.

- Indicate the projected placement rate for both participants and if applicable, participants in other programs funded by match or/in-kind contributions.
- A goal to "increase utilization" of other services (or service providers) must be explained completely. At a minimum, the applicant should describe how the base line, from which to measure an increase, will be determined and how the increase will be measured.
- Indicate the projected cost-per-placement for both the program participants and if applicable, participants in other programs funded by match.

Applicants who exceed the average for cost per placement for their respective State must provide justification.

- If applicable to the applicants' proposal:
 - a) identify any non-quantifiable and/or nonparticipant goals and objectives;
 - b) provide specific benchmarks to be used in determining if such goals and objectives are being attained; and
 - c) describe the expected benefits to the targeted veterans to be derived from achieving those goals and objectives.
- Discuss how the program goals and objectives support the stated OASVET program emphasis as stated in the SGA, and any applicable strategic plan

-
- started to receive services; and
 - received more than outreach and/ or intake and assessment assessment services.

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measurement or outcomes.

- Demonstrate that the proposed goals and objectives are both reasonable and attainable by addressing such factors as:
 - a) past experience in achieving similar goals in similar programs;

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- b) utilization of staff resources to accomplish goals; and
 - c) the extent to which the proposed approach and program mix support the accomplishment of goals.
- Describe how performance will be reported and monitored to determine whether or not goals and objectives are being achieved. The reporting and monitoring of placement activities should be emphasized. The specific procedures for doing so are to be described. Monitoring is authorized by the Special and general Grant Provisions, Grant Administration.

Both the applicant and the VETS reviewers should be aware of the following:

- For OJT, the applicant must include the formula to be used to pay for positions. (Unless otherwise indicated, it will be assumed that the Dictionary of Occupational Titles (DOT) will be used to determine both wages and the length of training.)
- If classroom training is involved, the type(s) of training, the occupation for which training will occur, and the duration of such training should be described.
- If the program includes a direct placement component, the types of jobs into which participants will be placed should be identified when possible.
- If ancillary or supportive services are to be provided, they must be described.
- Programs that enroll participants into activities such as OJT or classroom training must include participant outcome goals, such as completion rate and placement rate.
- When placement goals are included, the placement rate, cost-per-placement, and job retention goals must also be included. Placement rate and cost-per-placement are to be presented separately for the grant funds and if applicable, match funds. (If placement is to be performed by another agency, describe the mechanism by which that agency will follow-up on placements and verify job retention.)

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- An explanation must be provided for any section of the budget which is not self explanatory or which is not justified by the budget backup. This narrative must easily crosswalk to the budget (the 424A) and the budget backup (budget narrative). This must include, at a minimum, a description of travel, equipment, supplies and contractual costs. This information must be provided separately for federal funds applied for and for match/in kind contributions.

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- A narrative summary of not more than one page is required for each subgrantee, and must include:
 1. Name and address of the subgrantee, including the name of a key person who will be the point of contact and phone number.
 2. Short statement of work indicating program approach.
 3. Quarterly breakout of the participant goals and objectives of the program.
 4. Budget Information
 - a. Narrative Budget Information

Information contained in the program narrative must be sufficient to explain and justify all costs reflected in the budget.

Experience has indicated a number of areas in which budget information has been inadequate. Applicants should be advised of, and VETS personnel who review applications should be aware of the following:

- Proposed staff activities must be described, and those descriptions must support the percentages of staff time charged in the budget.
- If subgrantees are involved, subgrantee costs are to be explained as required in the SGA.
- Travel, equipment, supplies, and other charges in the budget, such as travel and mileage rate, must be explained and justified. Who will be traveling? Where? Why? How? What equipment is to be obtained? What supplies are to be purchased?
- Mileage indicated in the budget must be reasonable, based on the geographic area to be covered, the number of planned participants, and other relevant factors.
- All costs reflected in the budget are to be reasonable with respect to the program approach.

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b. SF-424A

Detailed budget information must be submitted on SF 424A. This is in addition to information required on Form SF 424. This section of the Manual contains information on that form for the DVET to use both when providing TA and reviewing applications.

The Budget Information Form consists of six (6) Sections, A-F

A. Budget Summary

B. Budget Categories

C. Non-Federal Resources

D. Forecasted Cash Needs

E. Budget Estimates of Federal Funds Needed for Balance of Project

F. Other Budget Information

Following is a discussion of each Section of the Budget Information Form.

Section A: Budget Summary

Lines 1-4, Columns (a) and (b)

Column (a) is used for entering the Grant Program Function or Activity, and Column (b) calls for the Federal Catalog Number of that activity. The Federal Catalog referred to is the Catalog of Federal Domestic Assistance (CFDA). The information that is to appear on Lines 1-4, Columns (a) and (b) will depend on two factors: whether the applicant is requesting Federal funds from one or more than one grant program; and whether the applicant is required to break down the budget by function or activity. The following matrix summarizes how the applicant is to complete this portion of the form.

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	BREAKDOWN BY ACTIVITY REQUIRED	BREAKDOWN BY ACTIVITY NOT REQUIRED
FUNDS FROM ONE GRANT PROGRAM	Enter the name of each activity on Line 1-4 of Column (a), and the respective CFDA numbers in Column (b).	on Line 1, Column (a), enter the FDAC program title and in Column (b), enter the CFDA number.
FUNDS FROM MORE THAN ONE GRANT PROGRAM	If one or more programs require a breakdown, pre-prepare a separate sheet for each program.	If no programs require a breakdown, use the Line 1-4 of Column (a) to enter the CFDA title and Lines 1-4 of Column (b) to enter the respective CFDA numbers.

Lines 1-4, Columns (c) through (g)

Columns (c) and (d) are used to indicate the Estimated Unobligated Funds from previous grants--Federal in Column (c) and Non-Federal in Column (d). Therefore, for a new application, these two Columns are left blank.

For every line entry in columns (a) and (b), the applicant is to appropriate the amount of funds budgeted for each activity in Columns (e), (f), and (g). In Column (e), the amount of Federal funds applied for is entered. In Column (f), the amount of match/in-kind funds applied for is entered. The Total appears in Column (g).

In brief, Column (e) is the amount of VETS Grants Programs funds applied for, and Column (f) is the amount of matching funds or value of in-kind contributions to be provided. Column (g) is the total of VETS Grants Programs funds and match.

Line 5, Columns (c) through (g)

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Section B: Budget Categories

Lines 6a-6h, Columns (1)-(5)

Section B is basically a matrix in which the applicant is to enter the amounts of VETS Grants funds and match/in-kind funds required for each Object Class Category. Lines 6a-6h indicate the Object Class Categories.

6a. Personnel

6b. Fringe Benefits

6c. Travel

6d. Equipment

6e. Supplies

6f. Contractual

6g. Construction

6h. Other

In Section B. columns 1-4 correspond to the same programs, functions and activities shown on lines 1-4 column (a), Section A. For each program, function or activity, the total requirements for funds (both Federal and non-Federal) must be filled in by object class categories. Totals for each category are listed in column 5.

Line 6i.

Show the totals of Direct Charges for Lines 6a through 6h on this Line, for all Columns.

Line 6j.

If indirect costs are claimed as part of the proposed budget, they are provided on this line.

If the applicant is claiming indirect costs, a copy of the negotiated, approved and signed document must be submitted with the application.

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If no Government audit agency computed and authorized the rate being claimed, the applicant must provide a brief explanation of the computation, indicate who made the computation and the date the computation was made.

If the indirect rate is traceable through a SESA Cost Accounting System, the applicant must clearly state this in its application. For additional information on indirect costs see Chapter VI.

Line 6k.

Enter the total amounts of Lines 6i and 6j in all Columns of this line.

Specific Requirements

In addition to the information solicited on the Budget Information Form, VETS requires the applicants to provide additional material on a budget backup. On separate sheets, attached to the Budget Information Form, the applicant must provide:

- a calculation reflecting the percentage of requested grant funds represented by administrative costs (direct, indirect, fee/profit). See the Glossary for a definition of administrative costs);
- a breakout of all personnel costs by position title, salary rates, and percent of time of each position to be devoted to direct program/services and administration;
- an explanation and breakout of fringe benefit rates and associated charges if they exceed 35% of wages and salaries;
- a description/specification of and justification for any proposed equipment purchases;²
- a brief explanation of the proposed costs for travel, equipment, supplies, subgrants subgrants, contracts, and other costs;
- a demonstration of how costs were determined; for example, how many trips will be made, using what mode(s) of transportation, at what cost per trip.
- an identification of all sources of matching contribution cash and in-kind.

²) Any non-expendable personal property with a unit acquisition cost of \$ 5,000 or more and a useful life of two or more years must be specifically identified.

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This information and the dollar amounts provided in this budget backup must be consistent with (and, therefore, easily crosswalked to) the amounts shown in Section B of the Budget Information Form. The amounts should also be consistent with the Budget Narrative presented in the Proposed Approach Section of the application.

Section C: Non-Federal Resources

Section C presents a breakdown of the amounts of proposed matching funds and/or in-kind contributions (from all sources, Federal and non-Federal) to be provided to the project. The source must be clearly identified.

If in-kind contributions are included, a brief description must be submitted as part of the application narrative.

Lines 8-11, Column (a)

On Lines 8-11, Column (a), the applicant enters the program titles. These should be identical to the ones entered in Section A, Column (a), Lines 1-4.

NOTE: A breakdown by function or activity is not required here even if required in Section A.

Lines 8-11, Column (b)

The value of cash and in-kind contributions to be provided by the applicant are entered in this column. If the applicant is showing in-kind match contribution is entered here.

Lines 8-11, Columns (c) and (d)

Column (c) is used to enter the value of cash and in-kind contributions provided by the State, if the applicant is not a State or a State agency, Column (d) is used to record the value of such contributions from other (non-Federal) sources.

Lines 8-11, Column (e)

Column (e) is the total of Columns (b), (c), and (d).

Line 12, Columns (b) through (e)

Line 12 shows the totals of Columns (b), (c), (d), and (e).

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Section D: Forecasted Cash Needs

In this Section, the applicant shows projected expenditures by quarter. It's a non-cumulative breakout for both federal and the match/in-kind funds.

Line 13

The applicant shows the projected expenditures of VETS Grants Programs funds by quarter on this line. Total Federal funds for the Program Year are indicated in the first Column, and the projected quarterly expenditures are indicated in the four Columns labeled "1st Quarter," "2nd Quarter," "3rd Quarter," and "4th Quarter."

Line 14

Is completed in the same manner as Line 13, except that the projected expenditures of non-Federal funds is entered.

Line 15

The amounts in the Columns of Line 15 are the totals of the Columns of Lines 13 and 14.

NOTE: If the amounts listed in the Columns for quarterly expenses are simply one-fourth of the total amount, there is a strong possibility that the applicant has not carefully considered the budget needs of the program. Only in rare instances will expenditures be relatively equal each quarter.

If the applicant has not realistically projected quarterly expenditures, there are two likely outcomes. Either the application will be returned to the applicant for revision, or, if an award is made accepting the quarterly figures submitted, the grantee will in all probability be in non-compliance at the end of one or more quarters. That is, the Quarterly Budget Summaries will show the applicant to be 15% or more over or under the projected budget. This will require that a Corrective Action Plan be submitted.

The VETS reviewer can save both the applicant and VETS a great deal of time by insisting that the quarterly budget expenditures shown on this form be calculated very carefully.

Section E: Budget Estimates of Federal Funds Needed for Balance of the Project

Section E is completed only for programs that are anticipated to operate for more than one calendar year and for which there is an understanding between the grantee and the funding

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agency that, if first year performance is satisfactory and if Congress appropriates sufficient funds, the funding agency will continue to provide support for the program.

APPLICATION PROCESS

NOTE: Projects funded with VETS Grants Programs are designed to operate for a period of 12 months. Only in unusual circumstances will this Section be completed, and then only by applicants for grants from Discretionary Funds.

If the applicant is being requested to project expenditures beyond 12 months, the following is provided to assist the reviewer.

Lines 16-19, Column (a)

The applicant should enter in Column (a) the same grant program titles that were entered on Lines 1-4, Column (a) of Section A. A breakdown by function or activity is not necessary.

Lines 16-19, Columns (b), (c), (d), and (e)

For each grant program listed in Column (a), the applicant should enter the amount of VETS Grants Programs funds that would be required to continue the program for additional years. Column (b) shows the amount required for the first additional year, and Columns (c) through (e) show the amounts for the second through the fourth additional year respectively.

Line 20, Columns (b), (c), (d), and (e)

The amounts entered in Columns (b) through (e) on Line 2d are the totals for Lines 16-19, Columns (b) through (e).

Section F: Other Budget Information

Line 21

This line is used to explain amounts for individual direct Object Cost Categories that may appear to be out of the ordinary or to provide explanations requested by VETS.

Line 22

If an indirect rate is charged, the applicant should indicate the type of indirect rate that will be in effect during the funding period, the estimated amount of the base to which the rate is to be applied, and the total indirect expense. Documentation should also be provided.

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APPLICATION PROCESS

Line 23

Any other explanations required by VETS or deemed necessary by the applicant are entered here.

Any additional sheets which are attached to the SF-424A, must be clearly marked with the applicant's name, project title, and SF424A for which they are extensions.

Section G. Budget Back-up Information

Refer to Chapter VI-Budget Review and Analysis for a discussion of the budget backup.

III. GRANT REVIEW

Note: This applies to second year funding packages and unsolicited/discretionary proposals. With a comprehensive understanding of the VETS Grant review process, VETS staff can:

- provide technical assistance to grantees;
- review grant applications/modification requests to document deficiencies and identify problem areas;
- ensure application accuracy and compliance with the requirements of the SGA; and
- certify past performance to make and document funding recommendations including corrective suggestions.

A. Common Problems With Grants Applications

1. SF-424

- a. SF-424 goals don't match budget form.
- b. SPOC block (16) not checked off.

2. Narrative

- a. Sub-grants are submitted rather than a narrative.
- b. Sub-grantee summary sheets or other required information is missing.

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- c. Narrative doesn't support budget or doesn't crosswalk properly.

3. Goals

- a. Not listed in the narrative.
- b. Tables are cumulative and not by quarter.
- c. Sub-recipient goals do not support summary goals.

4. Budget

- a. General
 - Missing budget back-up forms
 - Incorrect totals for both Budget Information Sheets (BIS) and back-ups.
 - Incorrect calculations supporting specific line items.
 - Budget is not broken out by Administration/Program costs.
 - Match funds are not broken out in the budget back-up.
 - Totals are not supported by SF-424 and/or narrative.
 - Signed certifications/Assurances Page
- b. Modifications
 - Major budget changes are not justified in budget.
 - Missing revised Section D for time extension.
- c. Miscellaneous
 - Indirect Costs
 - Missing approval by cognizant Federal agency.

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- State approval submitted.

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- d. Mileage
 - Missing certificates/documents for rate over **\$.32/mile.**
- e. Fringe Benefits
 - Missing certificates/documents for rate over 35%.

B. Performance Review and Analysis

The information contained in this section provides VETS staff with the structure to analyze a grantee's performance in order to determine if established expenditure and program goals have been met. A major goal of a performance review and analysis is to conduct a thorough assessment and make a satisfactory or unsatisfactory recommendation on funding.

Several major items must be reviewed. These include:

- a. Program accomplishments against grant goals;
- b. Subgrantee information;
- c. Budget and expenditure information against plan; and
- d. Grant Special Provisions.

Performance review is the culmination of the ongoing responsibilities of the GOTR. The entire grant file should be used in the performance review. The tools that the GOTR should use in the performance review are:

- ! Quarterly performance technical reports;
- ! Financial reporting documents (SF-272, SF-269, etc.);
- ! Monitoring reports;
- ! Correspondence; and
- ! Telephone call records.

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Eighty five percent attainment of program goals is the benchmark for determining whether performance is satisfactory. The 85% figure is based on aggregate achievement in participants and placements. If performance is lower than 85% in classroom training but higher than 75% in OJT, and the average is equal to or higher than 85%, then performance could be judged satisfactory.

Most performance analysis will not be against 12 reported months (four quarters). The average will probably be 9 months (three quarters). The GOTR, based on his or her overall knowledge of the grant, must extrapolate and project what will happen with performance in the remaining grant time.

Eighty five percent is an arbitrary figure, but it is necessary to use a benchmark. In some cases the GOTR may feel that there are extenuating circumstances that didn't allow the grantee to meet the 85% benchmark. In other cases the GOTR may not be pleased with a grantee's performance even if the 85% has been attained. Reasons for these variations must be clearly spelled out in writing by the GOTR.

The following specifics should be addressed in the analysis of technical performance reports:

Compare all percentages of achievement to the number of months for which the grant has been operational. If the grant has been in operation 6 months out of a 12 month grant period, then 50% of expenditures and program goals should have been achieved. Care, however, must be taken to adjust for programs that have been planned to have accelerated results. Any major exceptions should be noted;

- Be very specific in the review. Even though it is the aggregate by which the 85% is established, look at all program activities. If there are major discrepancies between plan and actual, be prepared to provide information on why a modification was not executed;
- Compare numbers of participants in "hard" activities versus "soft" activities. Hard activities are classroom training and OJT. Soft activities are items such as outreach and supportive services.

For subgrants that are over \$50,000 or 50% of the grant, perform the same analysis as for the whole grant. There may be major variances in performance among subgrantees. Put your analysis of each subgrant and how it affects the grantees performance as a whole in writing.

If a new SDA subgrant is proposed where there has been no previous VETS grant activity, obtain performance information from either the grantee or the ETA Regional Office. If it is a new non-SDA subgrant ask the grantee what past performance indicators were provided in the selection process.

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Special Provisions are extremely important to check. In many cases there is special language above and beyond the requirements on reports. This was done because there were ambiguities in the proposal narrative or because of special concerns of the Grant Officer. It is important that the GOTR be confident that all special requirements, along with the submission of all reports, have been met or are in the process of being met. Report on the status of any corrective action plans.

C. Importance of Crosswalking

Throughout the process, there will be a continual reference to and emphasis on cross walking. This refers to ensuring that all the various documents and aspects of the grant application / modification agree in substance and in the specifics.

It is recognized that the grant application / modification is made up of a number of documents and areas within the grant where specific information is explained or amplified. In such situations, the information must agree.

Cross walking is integral to the entire review process. Detailed cross walking is imperative to ensuring smooth and expedient processing of the grant. All documents and grant sections containing specific information must agree in quantitative information.

D. Grant Application/Modification Request Components

The following describes the components of the Grant Application and/or Modification package. More detailed information can be found in Chapter II and Chapter VI.

1. A **transmittal letter** certifies that the applicant is the designated entity and must be signed by an official who is authorized to enter into a grant agreement between the Department of Labor and the grant recipient. A sample transmittal letter follows.
2. **Standard Form-424** (SF-424) is the formal application required by OMB. Key items that must be accurate include:
 - Item 5 - Legal Applicant, not sub-grantee;
 - Item 15a - Proposed Funding (Federal);
 - Items 1a, b, c, d, and e - Match Totals;

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- Item 15g - Total Proposed Funding

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- Item 13 - Project Start and Ending Date
- Item 16 - Executive Order 12372
- Item 18 - Signature

3. **Table of Contents**- must, at a minimum, identify all sections of the application. Pages must be numbered sequentially without regard to section.

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SAMPLE TRANSMITTAL LETTER
STATE DEPARTMENT OF LABOR

George Jones
Commissioner
101 Semler Plaza
City, State 50490

April 22, 1988

Mr. John Reynolds
State Director for Veterans'
Employment and Training Services U.S. Department of Labor
2000 International Blvd.
City, State 50490

Dear Mr. Reynolds:

Enclosed is a grant application for funds to operate an Employment and Training program under the recent publish SGA of the Job Training Partnership Act. The application is in response to the Solicitation for Grant Application released by the U.S. Department of Labor on April 1, 2000. The Department of Labor is the authorized administrative entity for the State. Both Commissioner Jones and myself are authorized to enter into grant agreements between the U.S. Department of Labor and the State.

If you have any questions regarding the application, please contact Peter Smith at 505-229-0110.

Sincerely,

Louis G. Moore
Assistant Commissioner

LGM/bds

Enclosures
cc: Peter Smith
James Reagan

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4. Program Narrative for new applications only must consist of the following:

a. Brief Introduction and Statement of the Problem: This section demonstrates the applicant's knowledge and understanding of the problems and needs of targeted veterans, and includes:

- Geographic area to be served clearly defined;
- The problems and needs of eligible veterans clearly defined;
- Subsets of eligible veterans, priority for service, e.g., female veterans, minority veterans, older veterans, etc., clearly identified.

b. A demonstrated justification of need for services must be clearly stated including current services, gap areas and scope of project over and above existing services which should complement without duplication existing services and resources. Quantitative information and data supporting the problems, statements and needs assessment should be clearly stated. Subset eligibility criteria such as economic level, unemployed status, etc., may determine priority of service delivery, but cannot be used to exclude an otherwise eligible veteran from program services.

- If simultaneous grant programs are proposed, time periods and specific program distinctions must be clearly stated. VETS grants programs cannot be used to fund services already being provided.

5. Proposed Approach - Statement of Work and Management Plan and Program Goals should demonstrate that the applicant has shown a clear, logical and direct relationship between the problem statement, demonstrated needs and the proposed program approach, and specific tasks activities.

The action/management plan should include at least the following:

- Identification and description of the specific employment and training activities which will be implemented, e.g., counseling, on-the job training, classroom training, direct placement, placement following training;
- Identification and relationship of any proposed linkages with other service providers, both formal and informal;
- The formula or procedure which will be used for any needs based payments;

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- A projected placement rate for grant funds and match utilization;
- An explanation for any budget section which is not self-explanatory or which is not justified by the budget back-up. This should be clearly specified in the narrative and must crosswalk to the budget and the budget back-up. All information should be provided separately for federal funds applied for, and for match/in-kind contributions;
- Any audit costs applicable to the grant specified pursuant to 29CFR Part 97;
- Any non-quantifiable goals clearly stated with proposed accomplishments and benefits of such a program;
- Justification for cost per placement in excess of the average (as stated in most current program SGA);
- A consolidation summary of all program goals and objectives as well as a one page narrative summary sheet for each sub-grantee.

6. Goals and Objectives Table

A program timetable, in chart format, must be provided as a continuation of the narrative section of the grant proposal. This timetable is to include a detailed quarterly breakout of the individual projected goals and objectives which will be achieved throughout the duration of the grant period of performance.

The importance of proper completion and representation of these goals and objectives cannot be stressed too strongly. This information provides the basis for ongoing monitoring review, reporting, grant modification and overall project evaluation.

Any non-quantifiable goals must be clearly stated with proposed accomplishments and benefits of such a program.

The formats for goals and objectives for grantees and subgrantees are content of the SGA for the program in which funds are being requested.

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a. Grantee vs. Sub-Grantee Goals and Objectives

A consolidation of all participant goals and objectives of the program must be provided if subgrantees are involved. This information is to be broken out by quarter.

The data should incorporate all program activities in addition to identifying placement rate and cost per placement for the overall program goals.

It is a requirement that a narrative summary including all sub-grantee goals and objectives be provided for each sub-grantee. This is unlike the sub-grantee budget back-up information which is not required for each sub-grantee.

These narrative summaries of not more than one page per sub-grantee must crosswalk to the overall grantee summary which represents total goals and objectives of the project.

7. Matching Funds

Match is not required of all applicants. However, it is encouraged, if match is provided it is mandatory the applicant demonstrate that it will expend funds or in-kind services at least equal to the grant amount.

The purpose of the matching funds requirement is to access additional (VETS programs) resources to enable the provision of additional services to eligible veterans. 41 CFR; 29-70.206 is applicable to match and gives specific information on allowable matching funds. The SGA and Technical Assistance Guide (TAG) also specify match criteria and provide additional information and clarification on allowable match. All match records and documentation are subject to federal audit.

Policy now specifies that only VETS grants program eligible veterans can be served through matching resources. Non grants eligible veterans must be served only with funds over and above the match.

The following are proposed match sources, listed as to which are allowed and which are not allowed:

Allowable

- JTPA
- Wagner/Peyser
- State
- Local
- In-Kind
- (i.e. Volunteers Space)

Unallowable

- UCX
- UI
- Employer OJT
- V.A. (Federal)
- Student Asst. (Federal)
- Other Federal

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- Employer Resources

NOT Authorized
- DVOP/LVER

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8. Cost Principles

When conducting a detailed review of grant application and/or modification requests, particular attention should be paid to the budget and budget back-up information supplied by the eligible applicant.

Before conducting such reviews, VETS field staff should become familiar with OMB Circular A-87, Cost Principles for State and Local Governments. An understanding of the contents of this Circular will be beneficial to both applicants and reviewers during this process. The Circular sets forth the rules for determining what costs are allowable in grant programs. The basic concept behind these principles is that federally-assisted programs bear their fair share of costs that are allowable. It should be noted, however, that legislation and regulations governing program funds take precedent over the A-87 principles (e.g., the 20% administrative cost limitation applicable to VETS grants.)

When reviewing grant application/modification requests, keep in mind that all cost and budget proposals need to be allocable, reasonable, and allowable.

- a. Allocable** -- A cost is allocable if it is assignable to a particular objective/activity in accordance with relative benefits received.
 1. A cost is allocable to a government grant if it is:
 - Incurred specifically for the grant;
 - Benefits both the grant and other work and can be distributed in reasonable proportion to the benefits received; or
 - Necessary to the overall operation of the organization although a direct relationship to any particular cost objective cannot be shown.
 2. Examples of allocable cost are personnel and space for seminars.
 3. Individual analysis is required to determine the allocability of costs. This is performed by comparing object class categories to budget back-up information and programs. The grantee will have had to provide the information in the SGA.

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- b. Reasonable** -- A cost is reasonable if, in its nature or amount, it does not exceed amounts which would be incurred by an ordinarily prudent person in the conduct of competitive business. This determination is a qualitative or subjective test.

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- A cost is reasonable if it is generally recognized as both ordinary and necessary for the conduct of the grantee's program or the performance of work under the grant. The cost should be consistent with what is normally paid for the same goods/services when purchased with money other than grant funds.
 - Comparative analysis of costs in other grants and of object classes within the proposal may be helpful in reaching a determination of reasonableness.
- c. Allowable** -- A cost is allowable if it is allocable, reasonable, and the Government is not prevented from paying for it by the Government cost principles listed in OMB Circular A- 87 for State and Local governments, or A-22 for non-profit organizations.
- Allowable examples are accounting services, bonding, maintenance and repair, etc.
 - Allowable, with approval of grantor agency, examples are ADP system acquisition, insurance, etc.
 - Unallowable examples are contributions and donations, luncheons, entertainment, bad debts, fines, penalties and claiming more indirect costs than the negotiated approved rates.

Costs of state and local government must meet certain conditions to be allowable under Federal Grant Programs. They may not be a general expense required to carry out overall responsibilities of State and Local government. They must be authorized or not prohibited under State and Local laws. They must conform to limitations set forth in Federal laws or other governing limitations as to types and amounts of cost items.

The following types of costs of State and Local government are allowable under grant programs without specific prior approval:

1. Accounting--the cost of establishing and maintaining accounting and other

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required information systems.

2. Advertising--for recruitment of staff needed for the grant program; solicitation of bids for required goods and services; other purposes provided for in the grant.

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3. Advisory councils--costs incurred by councils established pursuant to Federal requirements to carry out grant programs.
4. Audit service--necessary for the administration and management of the grant.
 - Bonding--bonds covering employees who handle grantee agency funds.
 - Budgeting--costs incurred for the development, preparation, presentation and execution of budgets.

Costs for services of a central budget office are generally not allowable, since these are costs of general government.

- Building lease management--the administrative cost for lease management.
- Central stores--the cost of maintaining and operating a central stores organization for supplies, etc., used either directly or indirectly for grant programs.
- Communications--for telephone calls or service, teletype service, WATS, centrex, telpak, postage, messenger service and similar expenses.
- Compensation for personal services--for services rendered during the period of performance. The costs of such compensation are allowable to the extent that total compensation for individual employees: a) is reasonable for the service rendered; b) follows an appointment made in accordance with State, local government laws and rules; and c) based on payrolls documented and provided in accordance with generally accepted practice of the State or Local government.
- Depreciation and use allowances--the use of buildings, capital improvements and equipment through use of allowances or depreciation.
- Disbursing service-- the cost of disbursing grant program funds by the Treasurer or other designated officer is allowable.
- Employee fringe benefits.

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- Employee morale, health and welfare costs--the costs of health or first-aid clinics, recreational facilities, employees' counseling services, employee information publications and any related expenses incurred in accordance with general State or Local government are allowable. Income generated from any of these activities will be offset against expenses.
- Exhibits--exhibits relating specifically to the grant programs are allowable.
- Legal expenses--cost of legal expenses required in the administration of grant programs is allowable. The cost of legal expenses furnished by the chief legal officer or staff, as part of their general responsibility is unallowable. Legal expenses for the prosecution of claims against the Federal Government are unallowable.
- Maintenance and repair--Costs incurred for necessary maintenance, repair or upkeep are allowable.
- Materials and supplies--cost of materials and supplies necessary to carry out the grant program are allowable.
- Memberships, subscriptions and professional activities--Membership costs are allowable.
- Motor pools.
- Payroll preparation.
- Personnel administration--costs for the recruitment, examination, certification, classification, training, establishment of pay standards and related activities for grant programs are allowable.
- Printing and reproduction--costs for printing and reproduction services necessary for grant administration are allowable. Publication costs of reports or other media relating to grant program accomplishments or results are allowable when provided for in the grant agreement.
- Procurement service--the cost of procurement services and all phases of contract administration in providing goods, facilities and services for grant programs is allowable.

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